[*English*]

Please do not take anything very lightly.

(*Interruptions*)

SHRI SRIKANTA JENA (Cuttack): With due respect to your observation, I would like to say that we expect that during Zero Hour or immediately after the Question Hour, the Prime Minister will come before this House.....

MR. SPEAKER: I am not guaranteeing even that today.

(*Interruptions*)

SHRI SRIKANTA JENA: We will certainly expect that the Prime Minsiter comes to this House and clarifies the position.

MR. SPEAKER: We will see what happens at that time.

11.06 hrs.

ORAL ANSWERS TO QUESTIONS

[*English*]

1) Disinvestment of Public Sector Units

*801. SHRI SANAT KUMAR MANDAL:
SHRI CHITTA BASU:

Will the Minister of PRIME MINISTER be pleased to state:

(a) whether the Krishnamurthy panel on the disinvestment of public sector units has suggested immediate one-time disinvestment of Government equity;

(b) if so, the other salient features of the Report submitted by the panel; and

(c) the reaction of the Government thereto?

MINISTRY OF INDUSTRY (SHRI P.K. THUNGON): (a) to (c). Shri Krishnamurthy Committee was appointed by the Ministry of Finance on February 26, 1992 to make recommendations regarding disinvestment of public sector undertakings shares in the year 1992-93 and the modus operandi to do so. The report has not yet been finalised.

SHRI SANAT KUMAR MANDAL: May I know from the hon. Minister how do the Government propose to use the money raised by one time disinvestment of public sector unit equity-whatever it will be used for fresh investment and capital formation or for meeting the interest liabilities for financing the fiscal deficits? And when will the report of the Krishnamurthy Committee be finalised?

PROF P.J. KURIEN: About the first part of the question, the Finance Minister has already mentioned in his Budget speech as to how the funds realised from disinvestment will be spent. First of all, it is a part of meeting the requirement of financial revenue without resorting to inflationary methods. Secondly, a thousand crores of rupees will be used for National Renewal Fund for restructuring the sick industries, for reemploying and re-training the affected workers and also Rs. 500 crores will be used in the unorganised sector for generating new employment.

SHRI SANAT KUMAR MANDAL: Will the hon. Minister Kindly state the estimated money which the Government propose to mop up by selling public sector unit equity and what are modalities for disinvestment in 1992-93 that have been worked out?

PROF P.J KURIEN: It has already been announced that Rs. 3,500 crores is expected to be realised from disinvestment in the year 1992-93.

And with regard to modalities, the Government has already appointed a Committee, the Krishnamurthy Committee and the Committee is expected to submit the report by the end of this month. The Committee is expected to study the details as to how best we can disinvest and how to select public

sector enterprises as also the modalities of disinvestment

SHRI CHITTA BASU I think, the hon Minister will agree that there has been practically distress sale of the issue shares last year earning only three thousand and odd crores of rupees whereas the actual value of shares already sold should have been about Rs 10,000 crores Having that fact in view, I presume that the Government of India would also sell certain shares in the current year 1992-93

In this context, may I know from the hon Minister specifically whether the target for the year 1992-93 has so far been fixed? I would like to know whether any criteria for disinvestment has already been worked out, whether the percentage of equity to be offloaded has been fixed, whether the norms of evaluation of shares has been deter mined And finally, I would also like to know whether the *modus operandi* of disinvestment has been worked out particularly, in relation to how many shares of which industry will be sold to whom, namely, to the banks, to the mutual funds, to the NRIs, to the Public, to the employees, or to the foreign companies

SHRI P J KURIEN I am sorry that I have to disagree with the hon Member with regard to his assumption, that there is a distress sale of public sector unit shares It is because, that contention is not borne by the facts I would like to say just for the information of the hon Member, that the overall average value of realisation per unit share having a face value of Rs 10/- is Rs 27 65, in the first round of sale and Rs 45 25 during the second round of sale And coming to the actuals, we have only sold eight per cent of the shares of 31 public sector undertakings that were identified Whereas, the limit that we announced was for the sale of 20 per cent of the shares We had said that we will go upto 20 percent sale and the target for mopping up was Rs 2,500 crores By selling eight per cent shares, we realised Rs 3,038 crores which clearly means that there was no distress sale Instead, we have realised much more than what we have targeted And we had sold only eight per cent shares The actual face value of the shares sold is Rs 872 crores, and whereas the realisation is Rs 3,038 crores, for eight per cent only

The second part of the question is about the modalities All these questions, they have been referred to Krishnamoorthy Committee and we are waiting for the report of the Krishnamoorthy Committee

DR DEBI PRAOSAD PAL Sir, the disinvestment of the public undertaking equity shares is one of the major sources of the realisation of funds for the Central Government But I want to draw the attention of the hon Minister that disinvestment of the public equity shares, if these are done either through the intermediary of the bank or mutual funds, or other financial institutions these banks and mutual funds realise more than double the price at which these are being given to the banks or to the mutual funds The Government can easily harness these increased funds, if these shares are properly evaluated either on the Stock Exchange or on some reasonable basis And there is no reason why, instead of selling it to the public, this will have to be done throught the intermediary of the banks or to the mutual funds I want to draw the attention of the Minister and ask the question what is the reason as to why this sort of intermediary steps through which the public investment of equity shares is being done, thereby the Government is deprived of the loss of huge funds?

PROF P J KURIEN That is very pertinent and very good question also I hope the hon Member will at least try to imagine what will happen if all the shaes are offloaded in the share market at one time It is very simple to imagine and for that no experience is required The whole market will be crashed, the market will collapse and the prices will go down and we will not realise the value So, it is in the interest of maintaining the capital market only at the same time ensuring that we get adequate amount that this should be off loaded to mutual funds and other financial institutions, who in turn will off-load these

shares gradually to the public, to the capital market. Therefore, the impact of off-loading these shares will not be felt and therefore, the capital market will not crash. If all the shares had been directly sold to the public, it would not have been possible within the short span of time to realise this amount of Rs. 3000 crores. Also the price of each share would have fallen down. It is not in the interest of the public sector units or the Government to off-load these shares to the public at one time.

[*Translation*]

SHRI GEORGE FENANDES: Mr. Speaker, Sir, I do not find any solution in the reply given by the hon. Minister to both the questions. Hon. Minister said that in the first round, shares costing Rs. 10 each were sold at Rs. 27.65 and at the rate of Rs. 45.25 in the second round, whereas at present most of the shares in demand are sold from 10 times to 30 times of their cost. Does the hon. Minister know that the demand of shares in the market is 10 times to 30 times. Since most of the shares are with Mutual Fund and financial institutions, may I know from the hon. Minister whether the Government is ready to issue orders or suggest that they should not off-load these shares, and the maximum money that is expected from these shares will come to the Government treasury and will not go into the pockets of speculators through middlemen and sub-brokers.

[*English*]

PROF. P.J. KURIEN: As far as our information goes, these financial institutions have not off-loaded the shares of the market. So all this surmise that shares are sold at high price is only guesswork. Practically according to the information available, they have not sold it. Since the Member has specifically asked, if any more information is available, I will collect and send it to him.

SHRI GEORGE FERNANDES: My Question was whether in view of the fact that these shares are today asked for or valued at anywhere 10 to 30 times of their share value as against 2.765 or 4.525 that he has been able to get, will he issue instructions to the financial institutions or to the mutual funds not to off-load these shares, so that as and when those shares are to be taken into the market, whatever additional amount of money accrues that money comes to the Government and it does not go to the unscrupulous stock-brokers or any of these speculators.

PROF. P.J. KURIEN: The question itself is speculative because the mutual funds or the financial institutions have not off-loaded the shares. Therefore, the question of pricing of the shares is speculative. It is only a guesswork. Unless you actually sell the shares, how do you know that the price is so much? You are not selling it.

SHRI GEORGE FERNANDES: Please protect me Sir.

PROF. P.J. KURIEN: I am coming to his second point. However, the Member's suggestion will be examined.

MR. SPEAKER: Member's suggestion will be examined is an assurance!

SHRI GEORGE FERNANDES: Which point? Has he understood my point?

MR. SPEAKER: Mr. Minister, he says that if the shares are going to be sold at a higher price, will you yourself sell it?

PROF. P.J. KURIEN: I hope the hon. Member will accept it. These financial institutions, the GIC, UTI-UTI has taken 80 per cent of the shares-GIC, LIC- I have got a list, I can give it- are public institutions. If they gain profit, it is again public fund.

MR. SPEAKER: You answered that question.

SHRI PRITHVIRAJ D. CHAVAN: I need a clarification. I have seen the interview by the Secretary of the Department of Public Enterprises dated 7th April where he has clearly said that: "I think the financial institutions have no intention of holding on to these

shares for long I am sure they will go into the market very soon because one of the conditions imposed was that they will list these shares immediately and I think listing is already taking place "

This is an interview in *The Economic Times* by the Secretary My specific question is, after he gives clarification on this, why does the Government not directly list the shares on the stock exchange? Let them find their real

MR SPEAKER He has already answered that question He says these institutions are public institutions

SHRI PRITHVIRAJ D CHAVAN It is the question of profits not earned by the public enterprises, these profits are going into the hands of the financial institutions who in turn transfer these profits to the private individuals

The shares of these mutual funds have been bought by a lot of private individuals

MR SPEAKER Again, he is repeating the question why don't you sell it?

PROF P J KURIEN For that, I have clearly answered, Sir

SHRI RUPCHAND PAL May I know from the hon Minister whether stipulation made by the mutual funds, forward dealing had taken place? Our apprehension has come true two American foreign banks are involved in the purchase and the SEBI has sent queries to all the mutual funds about their status of holding the PSUs I mean, eight per cent share has already been sold, realising more than Rs 3000 crores Out of all the mutual up the basket, only three had responded and even after sending reminders, the rest of the mutual funds had not responded to the query of SEBI

MR SPEAKER Please put your question

SHRI RUPCHAND PAL Two American foreign banks had already involved in the forward deal and the retail will be more than eight crores of rupees than the money transacted there Is it true or not? May I know whether SEBI has enquired it or not? May I know whether most of the mutual funds are involved in forward deal or not? May I also know whether most of the mutual funds had responded to SEBI's query or not?

PROF P J KURIEN Sir, the Government has no information of this kind of forward marketing by mutual funds But, with regard to the question whether SEBI has instituted an inquiry, I will collect the facts and supply them to the Member concerned

[*Translation*]

Subsidy to Industries

*802 SHRI RAJENDRA KUMAR SHARMA Will the PRIME MINISTER be pleased to state

(a) the criteria being followed by the Government for providing subsidy to various industries,

(b) the number of industries being given subsidy at present and the amount thereof, and

(c) the number of industries in Uttar Pradesh which are being given subsidy?

[*English*]

THE MINISTER OF STATE IN THE MINISTRY OF INDUSTRY (PROF P J KURIEN) (a) to (c) A statement is laid on the table of the House

STATEMENT

(a) to (c) The Government are at present opeating a Transport Subsidy Scheme under which subsidy is admissible on the transport costs for movement of raw-materials and finished goods to and from selected points to the industrial units This scheme is applicable to the States of Himachal Pradesh,